

Cost of the Nutritious Food Basket - Toronto 2008

Date:	October 7, 2008
To:	Board of Health
From:	Medical Officer of Health
Wards:	All
Reference Number:	

SUMMARY

This report provides information on the cost of the Nutritious Food Basket (NFB) in Toronto for 2008 and recommends measures to improve health through increased access to nutritious food for individuals and families living on low incomes in Toronto. The Nutritious Food Basket is a food costing tool used to measure the cost of a basic level of healthy eating in each Board of Health jurisdiction in Ontario.

The average weekly cost of basic nutritious food for a family of four in Toronto in 2008 is \$136.28 (\$590.09 per month). This is an increase of 2.4% over 2007. Over the last two years, the cost of the NFB has increased by approximately 9.4%.

The impact of rising food prices is more significant for low income people since they must allocate a greater portion of their income to purchase food. A family on social assistance or earning minimum wage requires approximately 30% of their income to purchase nutritious food, while a household that earns the median income for Ontario requires approximately 10% of their income to purchase nutritious food.

The provincial government has committed to developing a poverty reduction plan. Although the provincial government has taken several positive steps to help reduce poverty including the Ontario Child Benefit (OCB), announcing a 2% increase in social assistance rates in 2008, and increasing minimum wage to \$8.75/hour in March 2008, individuals and families living on social assistance or working at minimum wage still cannot afford shelter, nutritious food and other necessities required for good health.

The absence of effective action to correct this situation leaves the clear implication that malnutrition and poor health are acceptable consequences of official government policy.

RECOMMENDATIONS

The Medical Officer of Health recommends that:

1. the Board of Health request that the provincial and federal governments implement income support benefits and minimum wage rates based on the real cost of healthy living, including nutritious food, and indexed annually to reflect inflation;
2. the Chair of the Board of Health and the Medical Officer of Health together with the Association of Local Public Health Agencies and representatives of community organizations that serve low-income families, meet with the Chair of the Cabinet Committee on Poverty Reduction, the Minister of Health Promotion, and the Minister of Community and Social Services, to discuss the results of the Nutritious Food Basket survey across Ontario, and ensure that the findings inform the provincial poverty reduction strategy;
3. the Board of Health forward this report to the following key stakeholders: the City of Toronto's Community Development and Recreation Committee; the General Managers of Shelter, Support and Housing Administration, Children's Services, Long-term Care Homes and Services, and Parks, Forestry & Recreation; the Ontario Ministers of Health Promotion, Community & Social Services, Children & Youth Services and Agriculture, Food & Rural Affairs, Agriculture & Agri-Food Canada; the Office of Nutrition Policy & Promotion at Health Canada; the Association of Local Public Health Agencies; the Ontario Public Health Association's Community Food Security Workgroup; Ontario Boards of Health; the Association of Ontario Health Centres; the Ontario Society of Nutrition Professionals in Public Health and Dietitians of Canada.

Financial Impact

There are no direct financial implications arising from this report.

DECISION HISTORY

Since 1999, Boards of Health in the Province of Ontario have been required to complete an annual Nutritious Food Basket survey each May/June, using a provincial protocol and software program. The survey must be submitted to the Chief Medical Officer of Health by August 1st of each year. Information about the cost of the NFB can be used to promote and support policy development to increase access to nutritious food.

The results of the Nutritious Food Basket survey in Toronto are reported annually to the Board of Health and City Council and shared with a wide range of stakeholders.

ISSUE BACKGROUND

Recent reports from the World Health Organization (2008) and the Chief Public Health Officer of Canada (2008) clearly describe the health inequalities and the key social determinants of health that need to be addressed to ensure that equal opportunities exist for all citizens to have good health (1, 2). It is recognized that poverty is a powerful social determinant of health (3). A recent report provides an overview of some of the

evidence indicating the impact of poverty on health and that it is “strongly associated with higher incidence, prevalence and severity of chronic illness, acute illnesses and injuries” (3). People living on low incomes struggle to afford nutritious food, making them less likely to get the key nutrients required for good health. In the Canadian Community Health Survey 2.2 (2004), food security was defined as a household’s financial ability to purchase adequate food. According to this survey, food insecurity in Ontario was most prevalent (61%) in households where the main source of income was social assistance (4). An analysis of this survey by Kirkpatrick & Tarasuk (2008) suggests that food insecurity is associated with inadequate nutrient intakes among Canadian adults and adolescents (5). In Toronto, one in ten households experienced some degree of income-related food insecurity (6).

In the last several years, the Board of Health has endorsed the following recommendations and advocated for:

- an increase in the Ontario Works benefit rate structure to reflect the current living standards in the City of Toronto by restoring the 21.6% rate reduction implemented by the province in 1995, together with the inflationary erosion of social assistance benefits that has resulted in a 40% loss of purchasing power since 1993;
- an adjustment to the Ontario Works benefit rates so that the Basic Allowance includes a nutrition component which is sufficient to meet daily nutritional needs as determined annually by the cost of the Nutritious Food Basket and that the remainder of the Basic Allowance be set to enable recipients to afford other basic needs including transportation, clothing and personal care items;
- an adjustment to the shelter component maximum for Ontario Works clients to be equal to 85% of the median market rent for each local housing market, based on annual statistics collected by the Canada Mortgage and Housing Corporation (CMHC);
- significant investments at all levels of government in affordable housing, universal child care and other strategies that impact on income security;
- accelerating the implementation of the Ontario Child Benefit plan so that the full benefit is realized by low income families immediately instead of 2011;
- increases to minimum wage rates to reflect the real cost of living to promote optimal health.

Although the provincial government has recently taken several positive steps to help reduce poverty including the Ontario Child Benefit announcing a 2% increase in social assistance rates in 2008, and increasing minimum wage to \$8.75/hour in March 2008, social assistance rates and minimum wage rates still remain severely inadequate. Toronto residents continue to face challenges in meeting daily nutritional needs as a result of the high cost of housing, low wages and inadequate social assistance rates, as well as the increasing cost of food.

The provincial government has formed a Cabinet Committee on Poverty Reduction, which is committed to developing a poverty reduction strategy and has just completed

consultations with key stakeholders. Toronto Public Health (TPH) has provided input into this process.

The 25-in-5 Network for Poverty Reduction, which has representation from Toronto Public Health, is a province-wide network comprised of over 100 organizations and individuals working to eliminate poverty. The network has organized itself around the call for a poverty reduction plan with a goal of reducing poverty in Ontario by 25 per cent in five years and 50 per cent in 10 years. One of the key documents developed by the network was a Founding Declaration which outlined principles and priority areas and initiatives for an Ontario poverty reduction strategy (7). In May 2008, the Toronto Board of Health endorsed the principles and elements of a poverty reduction strategy contained within the 25-in-5 Founding Declaration (8). Toronto Public Health continues to be involved in the activities of the network.

TPH staff members are also involved in the Ontario Public Health Association (OPHA) Food Security Workgroup. In 2007, OPHA adopted a resolution that outlines key actions to improve the access to a nutritious diet for all.

COMMENTS

The Nutritious Food Basket

Toronto Public Health is required to conduct an annual food costing survey using the 1998 Ministry of Health and Long-Term Care document, *Monitoring the Cost of a Nutritious Food Basket Protocol* (9). This protocol requires that 66 specified foods be priced in at least six different grocery stores, including major supermarket chains and independent stores. The foods included in the NFB survey are based on nutrition recommendations and food expenditure surveys, and are not intended to be a prescriptive list of what to eat. Instead, the NFB provides a sample of foods that can be used to determine benchmark costs of healthy eating. The NFB includes basic food items from all food groups in Canada's Food Guide.

The NFB tool is currently under revision to reflect new nutrition recommendations from *Eating Well with Canada's Food Guide*, which was released in February 2007. In addition, as a result of the upcoming release of the new Ontario Public Health Standards, the protocol for monitoring the cost of the Nutritious Food Basket is also under revision. Both the revised tool and protocol are expected to be ready for implementation in 2009.

The NFB costing tool is designed to measure the cost of healthy eating in each Board of Health jurisdiction in Ontario. The NFB tool does not include processed and prepared foods, snack foods or restaurant/take-out foods. It also excludes essential non-food items such as laundry detergent, soap, paper products, toiletries, etc. that are often purchased with groceries and it does not take into account the additional cost of transporting the goods home.

The cost of the NFB is generally lower than the actual grocery expenditures of the average resident. It is also assumed that the consumer has access to an adequate number

of good quality food stores, as well as sufficient time and means of transportation to allow for comparison shopping for the lowest prices. In addition, it is assumed that the consumer has the time, skills and equipment necessary to consistently plan, purchase and prepare meals and snacks from relatively low-cost basic food staples and ingredients.

Assessing food costs with a standard tool such as the Nutritious Food Basket enables public health to monitor trends in food costs. This is an indicator that can help us determine how many Torontonians are at increased risk of chronic diseases such as cancer, heart disease and diabetes, because they cannot afford to make the healthy food choices that have been demonstrated to prevent these diseases/conditions.

A Closer Look at Food Prices

The results of the 2008 NFB survey indicate that the average weekly cost for a family of four in Toronto is \$136.28 (\$590.09 per month). This is an increase of approximately 2.4% in food costs from the 2007 pricing survey. Over the last two years, the cost of the NFB has increased by approximately 9.4%. The 2008 NFB survey results are summarized in Attachment 1.

Results of the NFB are consistent with the Consumer Price Index (CPI) which demonstrated that store-bought foods in Ontario rose 2.1% in May 2008 compared to May 2007 (10). The CPI is calculated on a monthly basis for Canada and provincially and is used as an indicator of inflation. In the May CPI report, bakery and cereal products (excluding infant foods) showed the largest increase in price among food items, while the price of vegetables and fruit decreased (10).

Rising food costs have received considerable attention worldwide. Prices for foods such as grains have risen substantially in 2008, leading to higher overall food prices in most countries. Many factors have contributed to this increase, including lower grain production as a result of poor weather, gradually decreasing stocks of grains, increasing fuel costs, the shift of agriculture toward biofuel production and an increase in demand for foods, such as meat and dairy products, both of which rely on substantial amounts of grains (11).

In Canada, consumers paid higher prices for some food products. However, Canada has not seen the same increase in food prices as some other countries. A report by Statistics Canada (June 2008) presented an analysis of food prices in early 2008 and revealed that, although prices for grains have increased, prices for most other products have either remained stable or decreased (12). The cost of food imported to Canada, e.g., fruit and vegetables, fish, coffee, tea, fell mostly due to the rising exchange rate and lower prices for foods other than grains (12). It is important to note that this study was based on an analysis of food prices in the first quarter of 2008. Subsequent releases of the CPI have shown that food costs are continuing to increase. For example, the CPI for June 2008 showed that prices for store-bought foods in Ontario rose 3.6% and for July rose 5.2% in comparison to the previous year in each of those months (13,14).

Most Vulnerable in Toronto Increasingly Disadvantaged

People living on low incomes continue to fall behind and cannot afford basic needs as a result of inadequate income. The 21.6% reduction in Ontario Works (OW) rates implemented by the province in 1995, together with over ten years of inflationary erosion, has reduced the purchasing power of social assistance benefits by nearly 40% (15). Increasing food prices further exacerbate income inadequacy. The greatest impact is felt by those most vulnerable in Toronto, including single parent families, recent immigrants, people living on social assistance, Aboriginal peoples, the working poor, people with disabilities and seniors. According to the 2006 Census, the number of families with low income in Toronto increased during the first five years of the decade, growing from 125,005 in 2000 to 134,247 in 2005 (16). One in five Toronto families and one in three children were living with low income in 2005 (16). Toronto had a low income rate double that of Canada and Ontario and comprised 61% of low-income families in the GTA and 68% of low-income seniors (16).

As part of the March 2008 budget, the provincial government announced a 2% increase in social assistance rates. While this increase is a positive step, the increase is below the rate of inflation and does not provide adequate purchasing power for nutritious food and safe and affordable housing.

The provincial government also introduced the Ontario Child Benefit to assist low-income families with children under the age of 18. In July 2007, a one-time payment of \$250 for each child was provided to eligible families. As of July 2008, the OCB is being issued on a monthly basis. The OCB will be phased in over a five-year period. Eligible families will receive up to \$50/month per child (\$600/year) in 2008 that will grow to \$96.67/month per child (\$1,100) once fully implemented in 2011(17).

With the introduction of the OCB, the province is also restructuring social assistance benefits. Changes include: a consolidation of the basic needs amount for children as part of the OCB; the removal of the Back-to-School and Winter Clothing Allowance from social assistance; and the National Child Benefit Supplement will no longer be deducted from social assistance. For social assistance families that do not receive the full OCB, the province has established a Transition Child Benefit (TCB) to ensure that no family is worse off as a result of these changes (17).

Working full-time is not necessarily a remedy for poverty, especially when working at the minimum wage rate. As of March 31, 2008, the Ontario minimum wage was increased to \$8.75/hour. In addition, the federal government introduced a Working Income Tax Benefit (WITB) that pays up to \$500/year for single individuals and \$1,000/year for families. Although these are positive steps, they are unlikely to significantly improve the standard of living and quality of life for some of the most vulnerable residents of Toronto.

A recent report by the United Way (2007) describes the rise in precarious or “non-standard” employment (18). This type of work tends to be temporary, with low wages, little job security and often no benefits. There is also a trend towards more individuals

working multiple jobs. In the City of Toronto, the growth in the number of temporary workers rose 68% between 1997 and 2005 (157,100 temporary workers) (18). On average, wages tend to be about 16% lower for temporary work compared to permanent work (18). The working poor do not have sufficient income for good health, despite working full-time.

Impact for Toronto

Even with recent changes in income support and wage policy, many individuals and families in Toronto are still struggling to afford basic needs for good health. The impact of rising food prices is more significant for those who spend a greater proportion of their income on food. For a family of four on Ontario Works benefits or with one adult earning minimum wage, about 30% of income would be required to purchase nutritious food. In comparison, a household that earns the median income for Ontario would only need to spend about 10% of income on nutritious food. The impact on Toronto residents is illustrated in the following case scenarios (see Attachment 2 for detailed information).

A family of four living on social assistance in Toronto would receive \$1,782.00 per month (Ontario Works benefits plus child/family benefits, GST credit). Average monthly rent for a three-bedroom apartment in Toronto is \$1,275.00. This would leave only \$507.00 for the month to purchase food and other basic necessities. The cost of the NFB for a family of four is approximately \$590.00 per month. This family may not be able to purchase sufficient nutritious food or meet other basic needs. A family of four with one minimum wage earner working full-time would also have difficulty meeting basic needs.

A family comprised of a single parent with two children receiving Ontario Works benefits, would receive a total income of approximately \$1,665.00 per month. After paying for rent and food, the family would have only \$161.00 remaining for the month to cover the cost of all other basic necessities, such as telephone, transportation, clothing, household and personal care items.

A single person on Ontario Works or Ontario Disability Support Program (ODSP) would be faced with a deficit of \$367.00 after paying for rent and food. Seniors on fixed incomes are also vulnerable to increases in the cost of food.

Families and individuals who spend a large proportion of their income on housing face the choice of sacrificing food in order to meet housing costs. The critical balance between food, income and shelter is underscored in the Daily Bread Food Bank's annual survey which reports that food bank users spend an average of 77% of their income on rent (19). In 2006, 47% of Toronto tenants and 28% of Toronto homeowners paid more than 30% of their income on shelter (16). For those with low and fixed incomes, there is often little, if any, money left each month to afford nutritious food and other necessities required for good health.

Increasing food costs will have implications for all City programs and services that provide food. The 2007 Board of Health Report on the Cost of the Nutritious Food Basket outlined some of the impacts that the 7% increase in food costs that year would

have on programs such as the Student Nutrition Program, Healthiest Babies Possible Program and Peer Nutrition Program. An additional cost increase of 2.4% in 2008 will put further budget pressures on these programs.

Conclusion

Poverty has a significant impact on health. The 2008 annual survey of the cost of the Nutritious Food Basket once again demonstrates a fact of life for too many people in Toronto: anyone living on social assistance or working for minimum wage cannot afford the nutritious foods required to maintain good health.

The absence of effective action to correct this situation leaves the clear implication that malnutrition and poor health are acceptable consequences of official government policy. This should be a concern to us all.

Public Health will continue to collaborate with other city divisions, health organizations and community leaders to ensure that the impact of income support and wage policy on access to nutritious food and good health are recognized and addressed at all levels of government.

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ATTACHMENTS

Attachment 1: Weekly Cost of Nutritious Food Basket in Toronto (May 2008)
Attachment 2: Affordability Case Scenarios (September 2008)

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